



# Postal Services Act 2011

## 2011 CHAPTER 5

### PART 1 **U.K.**

#### RESTRUCTURING OF ROYAL MAIL GROUP

##### *Removal of existing statutory restrictions on ownership*

### **1 Removal of restrictions on ownership of Royal Mail Holdings plc etc **U.K.****

- (1) Sections 65 to 67 of the Postal Services Act 2000 (which contain restrictions on the issue and transfer of shares and share rights in Royal Mail Holdings plc and its relevant subsidiaries) are repealed.
- (2) But see section 4 of this Act (which imposes restrictions on the issue and transfer of shares and share rights in a Post Office company etc).

#### **Commencement Information**

- II** [S. 1](#) in force at 20.12.2011 by [S.I. 2011/3044](#), [art. 2](#)

##### *Ownership of the Royal Mail*

### **2 Report on decision to dispose of shares in a Royal Mail company etc **U.K.****

- (1) This section applies where the Secretary of State—
  - (a) has decided to undertake a particular kind of relevant disposal, or
  - (b) has decided that another person may undertake a particular kind of relevant disposal.
- (2) As soon as reasonably practicable after making the decision, the Secretary of State must lay before Parliament a report on the proposed disposal.
- (3) The report must state—

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*Changes to legislation: There are currently no known outstanding effects  
 for the Postal Services Act 2011, Part 1. (See end of Document for details)*

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- (a) the kind of relevant disposal intended to be undertaken,
  - (b) the expected time-scale for undertaking it, and
  - (c) the objective intended to be achieved by the undertaking of it.
- (4) The report must—
- (a) contain information about the expected commercial relationship, after the proposed disposal, between the Royal Mail company in question and any Post Office company, and
  - (b) if the proposed disposal would result in shares or share rights being owned by or on behalf of an employee share scheme for the first time, give details of the scheme.

In paragraph (b) “employee share scheme” has the meaning given by section 3.

- (5) In this Part “relevant disposal” means—
- (a) the issue or transfer of shares in a company the effect of which is to reduce the proportion of a Royal Mail company owned by the Crown, or
  - (b) the issue or transfer of share rights to a person the effect of which would be, if the shares to which the share rights relate were issued or transferred to the person, to reduce the proportion of a Royal Mail company owned by the Crown.
- (6) In this Part “Royal Mail company” means a company that—
- (a) provides a universal postal service, and
  - (b) is or has at any time been in the same group as—
    - (i) the original holding company, or
    - (ii) another company that is or has at any time been a Royal Mail company.

**Commencement Information**

**I2** S. 2 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**3 Employee share scheme** **U.K.**

- (1) The Secretary of State must ensure that arrangements are made, before the time at which the first relevant disposal is made in relation to a Royal Mail company, for the establishment of an employee share scheme.
- (2) Those arrangements must secure that if at any time the proportion of the company owned by the Crown is reduced to nil, the proportion of the company owned by or on behalf of the employee share scheme is at that time (or has before that time been) at least 10%.
- (3) If any shares or shares rights have been transferred under the employee share scheme to beneficiaries of the scheme, the shares or share rights are to be regarded for the purposes of subsection (2) as if they are still owned by or on behalf of the scheme.
- (4) “Employee share scheme” means a scheme for encouraging or facilitating the holding of shares or share rights in the company (or companies in the same group as the company) by or for the benefit of persons who are or include employees of the company.

*Changes to legislation: There are currently no known outstanding effects for the Postal Services Act 2011, Part 1. (See end of Document for details)*

**Commencement Information**

**I3** S. 3 in force at 1.10.2011 by S.I. 2011/2329, art. 3

*Ownership of the Post Office*

**4 Restrictions on issue and transfer of shares and share rights in a Post Office company etc** **U.K.**

- (1) No disposal of the Crown's interest in a Post Office company may be made other than a disposal that—
  - (a) is made pursuant to a direction under subsection (2), or
  - (b) is authorised under subsection (3).
- (2) The Secretary of State may by order—
  - (a) direct a Post Office company (if it is wholly owned by the Crown) to issue shares or share rights to a relevant mutual, or
  - (b) direct a company wholly owned by the Crown to transfer shares or share rights in a Post Office company to a relevant mutual.
- (3) A disposal of the Crown's interest in a Post Office company is authorised under this subsection if—
  - (a) the disposal is by way of an issue or transfer of shares or share rights in a Post Office company to a relevant mutual, and
  - (b) the Secretary of State has by order approved the issue or transfer.
- (4) An order under subsection (2) or (3)(b) is subject to affirmative resolution procedure.
- (5) No disposal of a relevant mutual's interest in a Post Office company may be made other than a disposal to—
  - (a) another relevant mutual,
  - (b) the Secretary of State or the Treasury (or a nominee of either of them), or
  - (c) a company wholly owned by the Crown.
- (6) Any disposal in contravention of subsection (1) or (5) has no effect.
- (7) For the meaning of “Post Office company” and “relevant mutual”, see sections 6 and 7.
- (8) In this section any reference to a disposal of a person's interest in a Post Office company is to—
  - (a) the issue or transfer of shares in a company the effect of which is to reduce the proportion of the Post Office company owned by the person, or
  - (b) the issue or transfer of share rights to a person the effect of which would be, if the shares to which the share rights relate were issued or transferred to the person, to reduce the proportion of the Post Office company owned by the person.

**Commencement Information**

**I4** S. 4 in force at 1.10.2011 by S.I. 2011/2329, art. 3

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*Changes to legislation: There are currently no known outstanding effects for the Postal Services Act 2011, Part 1. (See end of Document for details)*

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## 5 Report on transfer of interest in a Post Office company to a relevant mutual **U.K.**

- (1) This section applies where the Secretary of State proposes to make an order under section 4(2) or (3)(b) (order directing or approving issue or transfer of shares or share rights in a Post Office company to a relevant mutual).
- (2) The Secretary of State must lay before Parliament a report on the proposed issue or transfer before making the order.
- (3) The report must—
  - (a) give details of the proposed issue or transfer (including the expected time-scale for the issue or transfer),
  - (b) name the body to whom shares or share rights are proposed to be issued or transferred, and
  - (c) explain how that body meets the conditions set out in section 7.

### Commencement Information

**I5** S. 5 in force at 1.10.2011 by S.I. 2011/2329, art. 3

## 6 Meaning of “Post Office company” **U.K.**

- (1) In this Part “Post Office company” means a company that—
  - (a) is engaged in the provision of post offices,
  - (b) is or has at any time been—
    - (i) a subsidiary of the original holding company, or
    - (ii) in the same group as a company that is or (as the case may be) was at that time designated under this section, and
  - (c) is designated for the purposes of this subsection by order made by the Secretary of State.
- (2) A company may be designated only if, immediately before it is designated, it is wholly owned by the Crown.
- (3) An order under subsection (1) may not be amended or revoked.
- (4) An order under section 93 that appoints a day for the commencement of section 1 (removal of restrictions on ownership of Royal Mail Holdings plc etc) may not be made unless Post Office Limited (registered number 02154540) has been designated under subsection (1).

### Commencement Information

**I6** S. 6 in force at 1.10.2011 by S.I. 2011/2329, art. 3

## 7 Meaning of “relevant mutual” **U.K.**

- (1) In section 4 “relevant mutual” means a body in respect of which the Secretary of State considers that conditions A to C are (and will continue to be) met.

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- (2) Condition A is that the purpose (or main purpose) for which the body exists is to act for the public benefit by promoting the use by the public of services provided by a Post Office company or at its post offices.
- (3) Condition B is that the members of the body are—
  - (a) persons who have an interest in the use by the public of such services (including employees of the Post Office company and other persons engaged in the provision of its post offices), or
  - (b) persons who act on behalf of, or represent, persons within paragraph (a).
- (4) Condition C is that the body has in place arrangements for the prevention of disposals of property or rights by the Post Office company that would be inconsistent with the purpose (or main purpose) for which the body exists.

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**Commencement Information**

**I7** S. 7 in force at 1.10.2011 by S.I. 2011/2329, art. 3

*Transfer of property etc*

**8** **Transfer schemes** **U.K.**

- (1) The Secretary of State, or the original holding company (if it is wholly owned by the Crown), may make one or more transfer schemes.
- (2) A “transfer scheme” is a scheme for the transfer of property, rights or liabilities (or the creation of interests, rights or liabilities)—
  - (a) between companies within subsection (3), or
  - (b) between—
    - (i) a company within subsection (3), and
    - (ii) the Secretary of State or the Treasury (or a nominee of either of them) or a company wholly owned by the Crown.
- (3) A company is within this subsection if—
  - (a) it is the original holding company or a subsidiary of that company, and
  - (b) it is wholly owned by the Crown.
- (4) A transfer scheme made by the original holding company has effect—
  - (a) only if approved by the Secretary of State, and
  - (b) subject to any modifications made by the Secretary of State.
- (5) The Secretary of State must consult the original holding company—
  - (a) before making a transfer scheme, and
  - (b) before making any modifications of a transfer scheme made by the company.
- (6) The Secretary of State may direct the original holding company (if it is wholly owned by the Crown) to make a transfer scheme in accordance with the direction.
- (7) Schedule 1 contains further provision about transfer schemes.
- (8) Nothing in that Schedule is to be read as restricting the provision that may be contained in transfer schemes.

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- (9) A company within subsection (3) must provide the Secretary of State with any information or other assistance that the Secretary of State may reasonably require for the purposes of, or in connection with, the exercise of any power under this section or that Schedule.
- (10) That duty overrides any contractual or other requirement to keep information in confidence.
- (11) That duty is enforceable in civil proceedings by the Secretary of State—
- (a) for an injunction,
  - (b) for specific performance of a statutory duty under section 45 of the Court of Session Act 1988, or
  - (c) for any other appropriate remedy or relief.

**Commencement Information**

**I8** [S. 8](#) in force at 1.10.2011 by [S.I. 2011/2329](#), [art. 3](#)

**9 Transfer of employees otherwise than under transfer scheme** U.K.

- (1) This section applies if an agreement between companies within subsection (3) provides for the transfer from one to the other of rights and liabilities under contracts of employment.
- (2) This section also applies if—
- (a) employees of a company within subsection (3) (“company A”) are provided to another company within that subsection (“company B”),
  - (b) an agreement between the companies provides for the employees to cease to be provided to company B, and
  - (c) company B intends to employ the employees.
- (3) A company is within this subsection if—
- (a) it is the original holding company or a subsidiary of that company, and
  - (b) it is wholly owned by the Crown.
- (4) At any time before the agreement comes into force, the Secretary of State may—
- (a) in a case within subsection (1), designate any contract of employment the rights and liabilities under which are to be transferred under the agreement, and
  - (b) in a case within subsection (2), designate any employee of company A who is provided as mentioned in subsection (2)(a).
- (5) The designation may specify or describe the contracts of employment or employees.
- (6) On the coming into force of the agreement, the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply in relation to—
- (a) the transfer of designated contracts of employment, and
  - (b) the cessation of the provision of designated employees to company B,
- whether or not the agreement would otherwise be regarded for the purposes of those regulations as giving rise to a relevant transfer.

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- (7) Where by virtue of the agreement a designated employee of a company within subsection (3) (“the transferor”) becomes an employee of another company within that subsection (“the transferee”)—
- (a) a period of employment with the transferor is to be treated as a period of employment with the transferee, and
  - (b) the transfer to the transferee is not to be treated as a break in service.

**Commencement Information**

**19** S. 9 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**10 Taxation provisions relating to re-structuring** **U.K.**

Schedule 2 contains taxation provisions.

**Commencement Information**

**110** S. 10 in force at 1.10.2011 by S.I. 2011/2329, art. 3

*Supplementary provisions*

**11 Annual report on post office network** **U.K.**

- (1) A Post Office company must send to the Secretary of State each year a report on its network of post offices.
- (2) The report must give details of—
  - (a) the number and location of the company's post offices in England, Wales, Scotland and Northern Ireland,
  - (b) the postal services, the services provided under arrangements with a government department and the other services that are provided at those post offices, and
  - (c) the accessibility of those post offices to users of those services.
- (3) In subsection (2)(b) the reference to postal services includes postal services provided pursuant to arrangements made with a person who provides a universal postal service.
- (4) The report must, in particular, provide information about the accessibility of the company's post offices to—
  - (a) individuals living in rural areas,
  - (b) individuals living in urban areas,
  - (c) small businesses,
  - (d) disadvantaged individuals,
  - (e) individuals with low incomes,
  - (f) individuals with disabilities, and
  - (g) elderly individuals.
- (5) The report must contain such other information as the Secretary of State may from time to time require.

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- (6) The Secretary of State must lay a copy of the report before Parliament.
- (7) The Secretary of State must give a copy of the report to—
  - (a) the Scottish Ministers,
  - (b) the Welsh Ministers, and
  - (c) the Office of the First Minister and deputy First Minister in Northern Ireland.
- (8) A Post Office company's duties under this section are enforceable in civil proceedings by the Secretary of State—
  - (a) for an injunction,
  - (b) for specific performance under section 45 of the Court of Session Act 1988, or
  - (c) for any other appropriate remedy or relief.

**Commencement Information**

**III** S. 11 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**12 Annual report on postal museum collection and archive** **U.K.**

- (1) A Royal Mail company must send to the Secretary of State each year a report on its activities in relation to—
  - (a) the British Postal Museum Collection, and
  - (b) the Royal Mail Archive.
- (2) Before preparing the report, the company must consult any Post Office company.
- (3) The Secretary of State must lay a copy of the report before Parliament.
- (4) A Royal Mail company's duties under this section are enforceable in civil proceedings by the Secretary of State—
  - (a) for an injunction,
  - (b) for specific performance under section 45 of the Court of Session Act 1988, or
  - (c) for any other appropriate remedy or relief.
- (5) This section applies irrespective of whether the British Postal Museum Collection or the Royal Mail Archive alters the name by which it is known or forms part of a wider collection or archive.

**Commencement Information**

**III** S. 12 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**13 Directions** **U.K.**

- (1) This section applies to directions under this Part.
- (2) A direction must be in writing.
- (3) A direction may be varied or revoked by a further direction.
- (4) A person to whom a direction has been given has a duty to comply with it.



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*Changes to legislation: There are currently no known outstanding effects for the Postal Services Act 2011, Part 1. (See end of Document for details)*

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- (5) That duty is enforceable in civil proceedings by the person by whom the direction was given—
- (a) for an injunction,
  - (b) for specific performance of a statutory duty under section 45 of the Court of Session Act 1988, or
  - (c) for any other appropriate remedy or relief.

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**Commencement Information**

**I13** S. 13 in force at 1.10.2011 by S.I. 2011/2329, art. 3

*Interpretation*

**14** **Ownership of companies** **U.K.**

- (1) This section applies for the purposes of this Part.
- (2) References to ownership of a company are to ownership of its issued share capital.
- (3) References to ownership of a company include indirect ownership of it.
- (4) References to the reduction of the proportion of a company owned by the Crown include a reduction to nil.
- (5) For the purposes of determining the proportion of any company owned by the Crown, property and rights of the Secretary of State or the Treasury (or a nominee of either of them) are to be regarded as property and rights of the Crown.

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**Commencement Information**

**I14** S. 14 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**15** **Part 1: general interpretation** **U.K.**

- (1) In this Part—
- “agreement” means agreement in writing,
  - “company” means any body corporate,
  - “debt securities” means any instrument creating or acknowledging indebtedness which is issued by a company (including, in particular, debentures, loan stock, bonds and certificates of deposit),
  - “the original holding company” means the company that was nominated under section 62 of the Postal Services Act 2000 (transfer of property etc to nominated company),
  - “post office” means any premises or vehicle in the United Kingdom from which postal services, or services provided under arrangements with a government department, are provided directly to the public,
  - “Post Office company” has the meaning given by section 6,
  - “relevant disposal” has the meaning given by section 2,
  - “Royal Mail company” has the meaning given by section 2,

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“securities”, in relation to a company, includes—

- (a) shares, debt securities and other securities of the company (whether or not constituting a charge on the assets of the company), and
- (b) the right to subscribe for, or acquire, such securities and any other rights in connection with such securities,

“shares” include stock,

“share rights”, in relation to any shares, means—

- (a) rights to subscribe for or acquire the shares, and
- (b) any other rights in connection with the shares,

“subsidiary” has the meaning given by section 1159 of the Companies Act 2006, and

“wholly owned by the Crown”, in relation to a company, means the Crown owns all of it.

- (2) In this Part references to a person providing a universal postal service have the same meaning as in Part 3 (see section 65(2) and (3)).
- (3) In this Part references to a company's post offices (or network of post offices) are to those post offices (whether or not owned or operated by the company) that the company is engaged in providing.
- (4) For the purposes of this Part (other than Schedule 2) a company is to be regarded as being in the same “group” as another company if, for the purposes of section 1161(5) of the Companies Act 2006, the company is a group undertaking in relation to that other company.

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**Commencement Information**

**I15** S. 15 in force at 1.10.2011 by S.I. 2011/2329, art. 3

**Changes to legislation:**

There are currently no known outstanding effects for the Postal Services Act 2011, Part 1.